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(page v). Had he appealed to experience he would have found that his pet reform, real-estate liens as a basis for bank credit, has been tried in several American states with disastrous results ; that when limitations on the expansion of bank credits have been relaxed in brisk times, speculation has been encouraged, prices have risen rapidly and crises have been rendered more violent ; that there is no evidence of the accumulation of passive funds in the hands of lenders during periods of prosperity ; and that there are several important factors in causing crises not taken into account by his own " full and complete explanation."

WESLEY C. MITCHELL.

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Business Organization and Combination. By LEWIS H. HANEY
New York, The Macmillan Company, 1913.—xiv, 483 pp.

In this volume the author has included a number of topics not at all closely related. The four books into which the work is divided deal with the general nature of business organization, the evolution and forms of business organization, the structure and life history of a typical business corporation, and with public policy, the corporation and trust problems.

The discussion in book i is merely introductory in character. The most interesting portion of the volume is contained in book ii. Here the author presents a lengthy treatment of what he terms forms of business organization. In his terminology, "business organization" includes not merely partnerships, joint stock companies and corporations, but also all forms of combination. The next chapter entitled "Simple Business Trusts" is largely a discussion of trusts in the legal sense and serves to introduce the following classification of business organizations growing out of combinations: I. Simple Combinations. Associations (direct combination of natural persons as in partnership). II. Compound Combinations. (1) Associations (the loosest agreements directly between individual members of different associations, trade "associations"); (2) Federation (combinations of organizations which remain separate and retain considerable autonomy, most simple arrangements and pools); (3) Consolidation (combinations of organizations in which, while members may remain nominally separate, direction of business is fused). The last classification is further divided as follows: (A) Partial Consolidation, (a) Securities Holding (direction of business organizations consolidated through stock ownership, with separate existence formally maintained); (B) Complete Combination, (a) Merger (com-

plete consolidation, members of one business organization absorbed by another), (b) Amalgamation (complete consolidation, members of two or more organizations coalesce to form a new organization).

The development and discussion of this classification occupies over a quarter of the entire volume, and constitutes its most important and valuable contribution. Each division is illustrated by one or more concrete examples. In his discussion of federation organization Professor Haney has attempted to draw a clear line of distinction between "agreements" and "pools". He confines the use of the term "pool" to those cases of voluntary association where the members seek "a degree of control over price by combining some factor in the price-making process in a common aggregate among the units." It may be pointed out that very few "pools," according to Professor Haney's classification, are so simple in character as to be entirely within the scope of this definition. As he himself admits (page 164), pooling arrangements frequently contain specific price agreements. They may also provide for curtailing output. In both cases it is evident that such voluntary combinations are both "pools" and "agreements". By far the larger proportion of voluntary combinations are formed with more than one end in view. The author has paid little or no attention to this fact. It would seem that an accurate classification is obtainable only by developing it from the standpoint of the number of objects contemplated by the articles of association entered into. If, for example, an "agreement" or "pool" provide for fixing prices, dividing output, curtailing output and pooling profits, these facts should be recognized by a four-fold classification.

Objection may also be urged against another item in Professor Haney's classification of combination organization. A "merger" is defined as the absorption of the members of one business organization by another; an "amalgamation" occurs when members of two or more organizations coalesce to form a new organization. Both the situations defined are commonly known as mergers or combinations, the conditions for such an act being usually the outright sale of the properties and the dissolution of the vendor company or companies. Clearly there is a distinction between the case in which one or more corporations are absorbed by the vendee corporation and one in which the vendee corporation is organized for the specific purpose of merging two or more corporations. But it may be questioned whether any purpose but that of confusion is served by the adoption of the term "amalgamation" to express this differentiation, since the term has already gained currency as applicable to all cases of consolidation, whether by

“merger” or by “amalgamation” in Professor Haney’s sense of the terms.

Book iii contains material of which a large portion pertains to financial organization and belongs to the subject of corporation finance. Such subjects as promotion, underwriting, reorganizations and receiverships seem somewhat out of place in a discussion of business organization, as that term is commonly understood.

Few students of the trust problem will thank Professor Haney for adding to the already existing confusion by treating the corporation and trust problem together, as he does in book iv. His view is that “the corporation problem” is intimately connected with the “trust problem.” The reviewer is inclined to think that they have little or no relation to one another. One of the biggest problems in connection with trust organization is that of unfair competition. In what sense is the question of unfair competition intimately associated with the corporation problem? Or can it be said that over-capitalization, which is distinctly a corporation problem, is “related to the trust problem,” even though it has chanced that certain trusts have been over-capitalized?

Professor Haney discusses so wide a variety of topics that his volume seems heterogeneous to a high degree. Complete books have been written on each of the important topics to which he devotes attention: business organization in the restricted sense of the term, corporation finance, legal trusts, the corporation problem, and the trust problem. So far as class-room use is concerned the volume would be of great service in a combination course which sought to cover all these topics.

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